



Department of State

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C O N F I D E N T I A L TRIPOLI 1170

E.O. 11652: GDS

TAGS: PFOR ENRG CASC LY

SUBJECT: OIL COMPANY NATIONALIZATION: AMERICAN CITIZENS

REF: STATE 177811

DEPARTMENT OF STATE A/CDC/IE

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RDS ☐ or XDC ☐ DATE

TS AUTH. ☐ REASON(S)

EXEMPT EXISTING MARKINGS ☒

DECLASSIFIED ☐ RELEASABLE ☐

RELEASE DENIED ☒ IN PRET

PA or FOI EXEMPTIONS B1, A3, A9

1. OUR JUDGMENT ON WHETHER LARG WILL INVOKE ARTICLE 13 OF NATIONALIZATION DECREE REMAINS ESSENTIALLY AS STATED, IN TRIPOLI 1071, PARAS 4 AND 5. THAT IS, THAT PROBABLY MOST AMCIT AND OTHER EXPATRIATE EMPLOYEES OF OIL COMPANIES COULD LEAVE ALMOST AS SOON AS THEY WOULD BE ABLE TO DO SO ANYWAY, BUT A FEW KEY PERSONNEL MAY BE HELD UP ADMINISTRATIVELY UNTIL ACCOUNTING REVIEWS AND TAX PROBLEMS ARE RESOLVED; MEANWHILE ALL DEPENDENTS COULD DEPART WITHOUT HINDERANCE.

2. NOT BY WAY OF QUALIFICATION BUT OF ADDITIONAL INFO, AND FOR WHAT IT MAY BE WORTH, [REDACTED] HAS BEEN ASSURED BY TOP OIL MINISTER MASRUK, SPECIFICALLY U/S MUNTASSER AND IN AT LEAST ONE CASE MINISTER MASRUK, THAT MUCH AS LARG WOULD PREFER THE COMPANIES' EMPLOYEES STAY ON IN LIBYA, IF THE MAJORS PULL OUT THERE WOULD BE NO OBSTRUCTION TO THE DEPARTURE

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OF THEIR PERSONNEL. EXPERIENCE DEMONSTRATES THAT SUCH ASSURANCES ARE WORTHLESS IN THEMSELVES, HOWEVER SINCERELY THEY MAY BE UTTERED AT THAT LEVEL IN THE LARG. MORE IMPORTANT IS LARG'S RECORD IN ACTION. AS PREVIOUSLY REPORTED, BP EXPATRIATES WERE NOT SERIOUSLY HINDERED IN LEAVING. NO CASES HAVE ARISEN WITH OXY AND OASIS (REFTEL PARA 4) AS THEY ARE NOT REDUCING PERSONNEL. BUT ON SEVERAL OCCASIONS AMCIT BUSINESSMEN HAVE BEEN HELD UP TEMPORARILY, I.E. NOT GIVEN EXIT VISAS, UNTIL THEIR COMPANY HAS COMPLETED SOME ACTION OR UNDERTAKEN TO DO SO. MOST SERIOUS OF THESE WAS THE CASE OF TWO EMPLOYEES STRANDED HERE NOVEMBER-DECEMBER 1969 UNTIL LARG TRANSFERRED THE UNFINISHED WORK ON THEIR CONTRACT TO ANOTHER AMERICAN FIRM, ICAS.

3. AS ALTERNATIVE TO MAJORS' EXPERTISE, ASSUME LARG WOULD PREFER A COMPREHENSIVE SERVICE CONTRACT WITH SOME LARGE EUROPEAN OIL COMPANY. JAPANESE WOULD BE ANOTHER POSSIBILITY.

DEPT MAY KNOW BETTER, BUT WOULD ASSUME ENI-AGIP WOULD BE LEADING CANDIDATE AND WOULD PROBABLY ACCEPT, WITH A FRENCH FIRM OR TWO NOT FAR BEHIND.

4. IF FOR SOME REASON THAT ROUTE WOULD BE BLOCKED, OR TAKE TOO LONG TO OPEN UP, BELIEVE LARG WOULD PUT ON A CAMPAIGN TO CONTRACT EXPERTS AND EVEN MANAGERS FOR ITS CHOSEN INSTRUMENT, THE NOC. VERY HIGH "SALARIES" WOULD BE OFFERED, AND IN FACT WE ARE BEGINNING TO HEAR RUMORS THEREOF. ALMOST ANY NATIONALITY WOULD GO, INCLUDING U.S. WHILE THE GREAT MAJORITY OF THE AMERICAN MAJORS' EXPERTS HERE ARE IN CAREER STATUS AND WOULD PRESUMABLY LEAVE FOR OTHER JOBS WITH THE COMPANY, THERE ARE A FEW AMCITS AND MANY BRITISH, IN PARTICULAR, WHO ARE ONLY ON CONTRACT. MANY OF THESE WOULD PROBABLY STAY IF OFFERED ENOUGH.

5. PRODUCTION COULD BE EXPECTED TO DROP BY HALF OR MORE. BUT THIS IN ITSELF WOULD NOT IMPUL LARG TO HOLD THE MAJORS' EMPLOYEES IN COUNTRY AS HOSTAGES. BELIEVE THE RCC IS QUITE PREPARED TO ACCEPT LOSS OF A FEW

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HUNDRED THOUSAND BARRELS A DAY WITHOUT RESORTING TO ARTICLE 13.

6. CONCUR WITH DEPT'S VIEWS EXPRESSED PARA 2 REFTEL AND CONTINGENCY PLANNING OUTLINED PARA 3. ALSO, SIMPLY BECAUSE IT IS WISE TO PREPARE FOR THE WORST, REQUEST LANGUAGE FOR A DEMARCHE OR NOTE STATING REASONS WHY INTERFERING WITH FREEDOM OF TRAVEL IS CONTRARY TO INTERNATIONAL PRACTICE AND CONVENTIONS. (RECALL THAT WE RECEIVED AND USED SUCH LANGUAGE IN CONNECTION TMC-ICAS CASE MENTIONED ABOVE, BUT WE NO LONGER HAVE IT ON FILE).
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